

## Message Text

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ACTION EB-07

INFO OCT-01 IO-10 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

COME-00 DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04

NSAE-00 NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04

TAR-01 TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 AF-06

ARA-06 EA-06 EUR-12 NEA-10 /131 W

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R 031750Z JUL 75

FM USDEL MTN GENEVA

TO SECSTATE WASHDC 230

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EO 11652: NA

TAGS: ETRD, GATT

SUBJECT: MTN: IMPROVEMENT IN THE GATT FRAMEWORK

1. DURING RECENT VISIT, WOLFF HAD A DETAILED DISCUSSION WITH GARDNER PATTERSON ON CURRENT SECRETARIAT THINKING ON "GATT" REFORM". HE ASKS THAT NOTING BE ATTRIBUTED TO HIMSELF OR THE SECRETARIAT AT THIS STAGE AS THEIR PAPER IS ONLY IN DRAFT AND THESE MATTERS HAVE NOT BEEN DISCUSSED WITH OTHER DELEGATIONS.

2. TIMING: PATTERSON FELT THAT THE GATT SHOULD NOT ENGAGE IN REFORM ISSUES UNTIL THE TNC GROUPS WERE MUCH FURTHER ADVANCED IN THEIR WORK. IT WOULD BE POSSIBLE TO JUDGE IN THE FALL WHETHER AN EFFORT ON IMPORVEMENT OF THE FRAMEWORK OF THE TRADING SYSTEM COULD BE LAUNCHED. THE FORM OF THE EFFORT, WHETHER IT WOULD BE WISE TO HAVE A SEPARATE TNC GROUP CREATED, HE WOULD LEAVE OPEN FOR THE TIME BEING.

3. THE ISSUES WHICH THE SECRETARIAT WILL PROBABLY ADDRESS IN ITS PAPER ARE AS FOLLOWS:

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(A) BALANCE OF PAYMENTS. A REVIEW OF ARTICLE XII.  
WHAT MEASURES SHOULD BE ALLOWABLE? HOW TO STRUCTURE  
COOPERATION WITH THE FUND. THE TYPE OF REVIEW MECHANISM  
OF MEASURES WHICH ARE IMPOSED. THE TYPE OF OVERSIGHT  
TO BE EXERCISED BY THE GATT OVER THE IMPOSITION OF  
TRADE MEASURES FOR BALANCE OF PAYMENTS REASONS.

(B) THE QUESTION OF ACCESS TO SUPPLY. WHETHER  
THIS SHOULD BE APPROACHED PIECEMEAL IN SUCH GROUPS  
AS SECTORS, OR WHETHER A SEPARATE EXERCISE  
SHOULD BE STARTED IN THIS AREA.

(C) WHETHER GENERAL PROVISIONS ON COMMODITY  
AGREEMENTS SHOULD BE ADDED TO THE GATT (SEE HAVANA  
CHARTER).

(D) THE IMPROVEMENT OF CONSULTATION, DISPUTE SETTLEMENT, AND SURVEILLANCE MECHANISMS IN THE GATT.

(E) THE PLACE OF THE MFN ROLE, E.G., IN SAFEGUARDS  
AND NTB CODES (CONDITIONAL MFN). THIS COULD BE REVIEWED  
AS A SINGLE ISSUE IN THE CONTEXT OF INDIVIDUAL AGREEMENTS.  
PATTERSON QUESTIONED THE VIABILITY OF EXISTING MFN RULE  
GIVEN THE MASS OF DEPARTURES THAT EXIST.

(F) LEVELS OF COMMITMENTS: 1) AMONG DEVELOPED  
COUNTRIES, 2) NORTH/SOUTH, AND 3) WITH STATE TRADING  
COUNTRIES.

(G) RESTRICTIVE BUSINESS PRACTICES (SEE HAVANA  
CHARTER).

(H) THE ROLE OF THE SMALLEST COUNTRIES IN THE GATT.

4. ON THE ISSUE OF SECTION 121 (A)(1), THE CHANGE IN  
THE DECISION-MAKING PROCEDURES TO MORE NEARLY REFLECT  
THE BALANCE OF ECONOMIC INTERESTS, PATTERSON WAS  
DOUBTFUL THAT THE UNITED STATES WOULD FIND THE MEANS  
TO IMPROVE THE CONSENSUS OPERATION OF THE GATT. HE  
STATED THAT THE EC HAD 46 PERCENT OF WORLD TRADE (INCLUDING  
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INTRA-EC TRADE), AND THAT THE U.S. ONLY HAD 16 PERCENT. HE  
FELT THAT IF THERE WERE ANY MOVEMENT TO EXPAND THE USE  
OF FORMAL VOTING, THAT THERE WOULD BE GREAT PRESSURES  
FOR ONE COUNTRY-ONE VOTE AND THAT THIS WOULD NOT BE TO  
OUR ADVANTAGE. HE SAID THAT THIS WOULD NOT BE AN ISSUE  
THAT THE SECRETARIAT WOULD RAISE.

5. OTHER TRADE ACT REFORM ISSUES WHICH THE SECRETARIAT

WOULD NOT BE RAISING INCLUDE BORDER TAX ADJUSTMENTS AND FAIR LABOR STANDARDS.

6. PATTERSON STRONGLY SUGGESTED THAT FORMAL AMENDMENTS TO THE GATT NOT BE ATTEMPTED BECAUSE OF THE EXTREME DIFFICULTIES IN OBTAINING FORMAL VOTES FROM ALL MEMBERS AND URGED THAT REFORM COME IN THE FORM OF DECISIONS, DECLARATIONS, PROTOCOLS, ETC.

7. THESE VIEWS SHOULD NOT BE ASCRIBED TO GATT SECRETARIAT AT THIS TIME. MCNAMARA

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## Message Attributes

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